



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

**Department of
Health and Social Services**

ALASKA PIONEER HOMES

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February 25, 2019

Subject: Governor's Honest Budget: Sustainable, Predictable, Affordable

Dear Pioneer Home Elders & Families:

Governor Dunleavy released the FY2020 State of Alaska budget on Wednesday, February 13, 2019. As you have all heard over the past few months, the governor fully intended on putting together a budget in which expenditures cannot exceed existing revenue. What does this mean for the Division of Alaska Pioneer Homes?

The FY2020 budget does not reduce our authority to spend the same approximate funding as we have this year, but goes to the core of the governor's objective which is we must earn what we spend. The budget does provide some provisions for payment assistance to those elders that do not have the financial resources to cover their cost of services.

To meet the expectation of a budget where expenditures cannot exceed existing revenue, I will be putting forward a regulation package in the coming days that aligns our rates with the cost of providing services. The Division of Alaska Pioneer Homes has historically charged rates for services substantially below what it cost the state to provide these essential services and below market rate. At the same time our Leadership Team will methodically review every process to ensure they are best practice and done most efficiently with our mission in mind.

The Alaska Pioneer Homes operate under a distinctive model that is different from "Assisted Living" facilities in the private sector. Our goal is to allow each elder moving into a Pioneer Home to create a home and community; to celebrate life through its final breath. This model allows each elder the opportunity to age in place and not be required to move to a new more advanced care facility as their needs increase. This requires higher staffing and care needs at the more advanced levels of care. Therefore, our pricing structure at those levels are a hybrid of assisted living and skilled nursing facilities. In order to clearly define the services each elder receives during the continuum of care, the division will be returning to the five level of care model from the three levels of care we currently use.

The new rates align with the cost of providing exceptional services at our homes. The Alaska Pioneer Homes have a long history of providing elder care in our state. Elders entering the homes today move in with much higher care needs than when the homes first opened. The average age of our residents is now 87 years and more elders are choosing to remain in the community until care is essential. Unfortunately, the division has not increased rates to align with the cost of providing these advanced services, resulting in the State of Alaska subsidizing more than \$30 million a year to operate the homes.

Below you will find the proposed rates for the five levels of care that align with the cost of providing services. A new assessment will be conducted for each elder residing at an Alaska Pioneer Home to determine the level of care required:

<u>Levels of Care</u>	<u>Monthly Rate</u>
Level I:	\$3,623
Level II:	\$6,569
Level III:	\$11,185
Level IV:	\$13,333
Level V:	\$15,000

Alaska statute provides protections for all Alaskans 65 years and older that choose to seek care at an Alaska Pioneer Home and do not have the resources to pay the full monthly rate. The state provides payment assistance equal to the amount needed, when added to other income and assets of the resident, to pay the monthly rate.

The path forward to a sustainable budget that includes the proposed rate increases was not taken lightly. I understand the effects of these changes on your finances and the uncertainty that these changes place on each of you. Making these changes once instead of having the uncertainty year after year will not only make us a stronger organization, but you will have the security you deserve because we took corrective actions today in planning for the future.

Sincerely,



Clinton Lasley
Division Director

cc: Albert E. Wall, Deputy Commissioner